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**MCN Energy Holdings**

# Fax

Please  
file  
M/047/032  
~~M/047/032~~

To: Paul Butler *minerals* From: Dan O'Leary  
Fax: \_\_\_\_\_ Pages: \_\_\_\_\_  
Phone: \_\_\_\_\_ Date: \_\_\_\_\_  
Re: \_\_\_\_\_ CC: \_\_\_\_\_  
☐ Urgent ☐ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

## • Comments:

You had asked to see a copy of  
the agreement with the county of  
Crown Asphalt. Wes Baden of the  
County has authorized me to release  
this. If you have any questions,  
please call. 313 256 6407.

Don O.

**RECEIVED**

JUL 31 2002

DIVISION OF  
OIL, GAS AND MINING



## AGREEMENT

**AGREEMENT** entered into this 26<sup>th</sup> day of May, 2002, by and between Crown Asphalt Ridge, L.L.C. ("CROWN") and Uintah County, Utah (the "COUNTY").

## RECITALS

CROWN and COUNTY are currently bound by that certain Tar Sands Supply & Mining Agreement dated May 15, 1996, (the "SUPPLY AGREEMENT") pursuant to which the COUNTY was entitled to receive up to 340,000 tons of tar sands on specified terms from real property leased by CROWN. This AGREEMENT sets forth the terms upon which the parties agree that the COUNTY may now temporarily mine tar sands in CROWN's pit in Section 31 at the Asphalt Ridge Site (the "SITE").

**NOW, THEREFORE**, the parties to this agreement, in consideration of the above recitals and the following mutual covenants and stipulations, agree as follows:

1. Subject to the conditions set forth within this AGREEMENT, CROWN will allow the COUNTY the right to mine tar sands at the SITE on a temporary basis. The COUNTY's mining activity will be performed under the direction of CROWN in a manner determined by CROWN not to unreasonably interfere with either its own mining operations at, or its mining plan for, the SITE. Prior to the expiration of this AGREEMENT as provided in Paragraph 8 below, CROWN and a representative of the COUNTY will meet from time to time to review the progress of the COUNTY's mining operations at the SITE. CROWN will direct the COUNTY on the area to be mined, the volume of tar sands to be mined, mine access, ingress and egress procedures, security procedures and the location of all roads, berms, stock-piles, overburden, materials, retention areas and facilities and the County agrees to comply with such directions and procedures.
2. No materials, including aggregate, water, or other such material may be brought or placed onto the SITE without the express written consent of CROWN and if consented to, only in such location as directed by CROWN.
3. The COUNTY will maintain an accurate daily log of all tar sands volumes removed by truck from the SITE. The log will identify the date, time and truck driver of all loads removed from the pit. One copy of the log will be submitted daily within twenty-four (24) hours of the end of each day to CROWN's office at the SITE. Alternatively, any tar sands removed from the SITE by methods other than trucking shall be measured in place (prior to removal) by means of cross-sections calculated by a certified engineer or land surveyor. CROWN will submit to the COUNTY a monthly invoice for \$1.50 for each ton of tar sands removed by the COUNTY. Each ton removed by the COUNTY will be credited against the remaining tar sands balance due the COUNTY pursuant to the SUPPLY AGREEMENT, which balance is shown in the attached Uintah County Invoice and Payment Summary. This Summary will be amended from time to time, as provided in Section 4 below, as additional tar sands are removed by the COUNTY. Any additional overburden removal, as described in the Supply Agreement, may only be conducted with the prior written consent of Crown. In the event



Crown agrees to allow such overburden removal, prior to conducting such overburden removal, the parties will mutually agree on how the expenses of such overburden removal will be paid. The COUNTY agrees to pay all invoices presented by CROWN within thirty (30) days of receipt.

4. As of April 3, 2002, the parties acknowledge that the COUNTY has a balance due of 65,136.56 tons of tar sands from the SITE pursuant to the SUPPLY AGREEMENT and the attached Tar Sands Balance Schedule. The parties also acknowledge that the COUNTY owes CROWN the total amount of \$22,525.84 as provided for herein and in the SUPPLY AGREEMENT and as described in the attached Uintah County Invoice and Payment Summary. The COUNTY agrees to pay the foregoing amount concurrently with the execution of this AGREEMENT. During the term of the AGREEMENT, CROWN agrees to provide the COUNTY with quarterly statements that reflect the total number of tons of tar sands delivered or received by the COUNTY under the SUPPLY AGREEMENT as of the statement date and the number of tons remaining.
5. Notwithstanding any provisions in the SUPPLY AGREEMENT to the contrary, except for amounts of tar sands required for testing at the SITE, the COUNTY shall have no obligation to mine any tar sands for CROWN beyond those already mined and delivered.
6. The COUNTY agrees to conduct its mining operations in strict accordance with the directions of CROWN and CROWN's Utah Division of Oil, Gas and Mining permit. The COUNTY represents that all of its personnel and all of the personnel of any contractors used by the County who will be involved in mining operations on the SITE have been MSHA trained and certified and that all mining operations will be conducted in strict accordance with MSHA regulations.
7. During the term of this AGREEMENT, to the extent permitted by law, each party shall defend, indemnify and hold harmless the other party, its managers, members, officers, and employees from and against any liability, any and all costs (including court costs), expenses, fees (including reasonable attorney's fees), payments, and losses and damages (collectively, the "Costs") which arise out of, or are in any way connected with, either party's performance hereunder, unless such Costs arise out of the negligent acts of the party seeking indemnification. Further, while performing its mining activities hereunder, the COUNTY shall (i) be responsible for all costs associated with its mining operations, provided, however, that COUNTY shall not be responsible for any reclamation beyond those contemplated in paragraphs 10 and 11 below, (ii) be responsible for the satisfaction of any lien recorded against CROWN's leased premises as a result of the COUNTY's activities, (iii) conduct all of its activities in a workmanlike manner, and (iv) maintain insurance in an amount not less than \$5,000,000 covering personal injury, property damage or other causes of action which may result from the COUNTY's operations.



8. This AGREEMENT will terminate without notice upon the earlier of (i) the COUNTY having received its total entitlement of tar sands under the SUPPLY AGREEMENT; or (ii) December 31, 2004, unless terminated prior to that date as provided herein. CROWN may terminate this AGREEMENT at any time upon sixty (60) days prior written notice should it elect to conduct its own mining operations at the SITE and deliver tar sands to the COUNTY as provided in the SUPPLY AGREEMENT. Upon prior written notification, CROWN agrees to provide the COUNTY with reasonable access to its leased property for purposes of facilitating the COUNTY's evaluation of additional sites as suitable locations for the COUNTY's mining operations. CROWN further agrees to make available to the COUNTY for its review such geological and mining data and related information as it presently possesses regarding such additional sites.
9. The COUNTY agrees not to allow any persons on the SITE property except for employees of the COUNTY and contractors performing work for the COUNTY without the written consent of CROWN, which consent shall not be unreasonably withheld.
10. The COUNTY and CROWN agree that should the COUNTY disturb any additional lands, not disturbed as of the execution of this AGREEMENT, pursuant to Paragraph 6 of the SUPPLY AGREEMENT, the COUNTY will assume any reclamation responsibility for such additional disturbance.
11. The COUNTY and CROWN agree that the COUNTY is responsible for any reclamation work required in Section 30 and that CROWN is responsible for any reclamation work required in Section 31, except that the COUNTY is responsible for reclamation of all disturbed acreage in Section 31 resulting from overburden removal performed by the COUNTY in Section 31 after May 1, 2000, unless CROWN resumes full scale commercial operations of its Asphalt Ridge Oil Sand Extraction Facility, after which CROWN will assume reclamation responsibility for disturbed acreage in Section 31.
12. CROWN is in the process of obtaining a Special Use Lease from the Utah State & Institutional Trust Lands Administration ("SITLA") covering the approximate 7.5 acres in the westernmost portion of the S $\frac{1}{2}$ NE $\frac{1}{4}$ SE $\frac{1}{4}$  of Section 30, Township 4 South Range 21 East, Uintah County, Utah as depicted in the attached Exhibit "A" (the "SITLA Lease"). The COUNTY agrees to provide CROWN with 24 hour/7 days a week access to the SITLA Lease via the COUNTY's roads. CROWN agrees to provide the COUNTY with 24 hour/7 days a week access to the COUNTY's stockpile via existing roads on CROWN's property.
13. This AGREEMENT shall supercede the Supply Agreement to the extent, and only to the extent, necessary to give effect to the provisions hereof. All other terms and conditions of the Supply Agreement remain in full force and effect and are not amended or modified.
14. Neither CROWN nor the COUNTY may assign their interests and/or delegate the performance of their obligations under this AGREEMENT to any other person or entity



without first obtaining the prior written consent of the other party.

15. It is mutually understood and agreed that this AGREEMENT shall be governed by the laws of the State of Utah, both as to interpretation and performance. Any action at law, suit in equity, or other judicial proceeding for the enforcement of this contract or any provision thereof or the underlying SUPPLY AGREEMENT shall be instituted only in Courts of the State of Utah.

IN WITNESS WHEREOF, the parties have executed this AGREEMENT as of the date first above written.

**CROWN ASPHALT RIDGE, L.L.C.**


By: MCNIC Pipeline & Processing Company

Its: Member

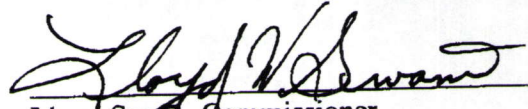


Howard L. Dow III  
Vice President

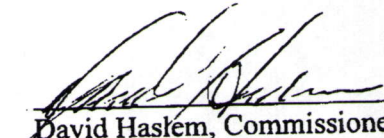
**UINTAH COUNTY, UTAH**



Cloyd Harrison, Chairman

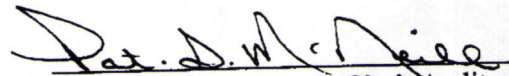


Lloyd Swain, Commissioner



David Haslem, Commissioner

**ATTEST:**



Pat S. McNeill, County Clerk/Auditor





Exhibit A

**CROWN ASPHALT LEASE DESCRIPTION**

BEGINNING AT A POINT ON THE SOUTH LINE OF THE SOUTH 1/2 NE 1/4 SE 1/4 OF SECTION 30, T4S, R21E, S.L.B.&M. WHICH BEARS S87°38'26"W 651.37' FROM THE SOUTHEAST CORNER OF THE SAID SOUTH 1/2 NE 1/4 SE 1/4; THENCE S87°38'26"W ALONG THE SAID SOUTH LINE OF THE SOUTH 1/2 NE 1/4 SE 1/4 680.00' TO THE SOUTHWEST CORNER OF THE SAID SOUTH 1/2 NE 1/4 SE 1/4; THENCE N02°06'03"W ALONG THE WEST LINE OF SAID SOUTH 1/2 NE 1/4 SE 1/4 661.24' TO THE NORTHWEST CORNER OF THE SAID SOUTH 1/2 NE 1/4 SE 1/4; THENCE N87°30'38"E ALONG THE NORTH LINE OF SAID SOUTH 1/2 SE 1/4 SE 1/4 420.00'; THENCE S02°27'22"E PARALLEL TO THE EAST LINE OF THE SE 1/4 OF SAID SECTION 512.19'; THENCE N87°38'26"E PARALLEL TO THE SAID SOUTH LINE OF THE SOUTH 1/2 NE 1/4 SE 1/4 255.90'; THENCE S02°27'22"E PARALLEL TO THE SAID EAST LINE OF THE SE 1/4 150.00' TO THE POINT OF BEGINNING. BASIS OF BEARINGS IS THE SAID EAST LINE OF THE SE 1/4 WHICH IS TAKEN FROM THE UINTAH COUNTY SURVEYOR'S BREAKDOWN TO BEAR N02°27'22"W. CONTAINS 7.29 ACRES MORE OR LESS.